

THIS DISPOSITION IS NOT
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THE TTAB

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
Commissioner for Trademarks
P.O. Box 1451
Alexandria, VA 22313-1451

Butler

Mail date: November 8, 2004

Opposition No. 91156064

Dallas Basketball Limited

v.

John Jacob Carlisle

Before Simms, Hanak and Walters, Administrative Trademark Judges.

By the Board:

Applicant is seeking to register the following mark



for "shirts, baseball caps, shorts, pants, socks, sweat suits, jackets, sweatshirts, sweatpants, bandanas, shoes, wrist bands, head bands, winter sock hats, visors, gloves and scarves."¹ The sole ground for the opposition reads as follows: "Additionally, Opposer contends that Applicant failed to have a *bona fide* intention to use his mark in commerce when Applicant filed its

¹ Application Serial No. 76165865, filed on November 16, 2000, claiming a *bona fide* intent to use the mark in commerce.

intent-to-use application.”² (See paragraph no. 5 of the notice of opposition.) Applicant denies the allegations of the notice of opposition.

This case now comes up on applicant’s fully briefed motion, filed February 20, 2004, for summary judgment.

As background, applicant provides that, in 1998 when he was a student in college, he and two of his friends, all members of the basketball team, talked about how DEEP 3 would be a great brand name for clothing, but that nothing further ensued. Applicant states that no business relationship was formed, and that no promises were made to operate as a partnership, but that the three remained friends. Indeed, one friend, Jim Hajdukovich is now applicant’s brother-in-law. According to applicant, in October 2000, after gaining experience in graphic design and marketing, applicant began to design DEEP 3 logos. Shortly thereafter, applicant was speaking with one of his college friends, Dan Meckel, who decided to purchase some DEEP3 t-shirts. Applicant indicates that he then decided to formalize his business by registering it as a sole proprietorship (in Texas); filing an intent to use trademark application with the USPTO; and registering a domain name, the latter with the assistance of Mr. Hadjukovich, who applicant says he reimbursed the cost of the registration. Applicant indicates that he sought Mr.

² Opposer pleads ownership of a pending application, Serial No. 76380739, for the mark DEEP 3 for a wide variety of clothing items, filed on March 8, 2002. Applicant’s application has been referenced as a potential cite under Trademark Act Section 2(d), should it mature into a registration.

Hadjukovich's assistance as a friend and because his wife, applicant's sister, was familiar with the domain name registration process. Applicant states that, on December 1, 2000, he personally placed his first order for DEEP 3 logo t-shirts, paid for on his personal checking account; and that, on December 5, 2000, he made his first sale to The Hoop, in Salem, Oregon. According to applicant, his business continued to grow with the help of his friends, who were not business partners, did not receive any receipts of sales, were not owners, and were not paid for any help they provided. Eventually, though, the three friends decided to enter into a formal relationship and, on January 14, 2003, Deep Three, Inc. was incorporated. Throughout this time, applicant indicates that he continuously sold clothing bearing his mark. With respect to the abandonment of his application in January 2002, which he discovered on May 31, 2002 doing a status check, applicant indicates that Mr. Hajdukovich assisted him by filing the request for reinstatement but, concerned that the request may be insufficient, applicant contacted trademark counsel, who filed a supplement to the request on July 11, 2002.³

Applicant argues that there are no genuine issues of material fact and that he did not lack a *bona fide* intent to use his mark when he filed his application and, in fact, has sold clothing items bearing the mark and, thus, has made actual use.

³ The Office granted the requested reinstatement of the application on September 29, 2002.

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Applicant, in response to opposer's anticipated argument that applicant was not the proper owner of the mark at the time the application was filed, argues that there are no genuine issues of material fact and that he is the owner of the mark sought to be registered. Applicant contends that the assistance of his friends was nothing more; and that their later decision to enter into a formal business relationship was a development of the growth of his business.

Applicant's motion is accompanied by his declaration and accompanying exhibits⁴ as follows: an assumed business name certificate and application therefor, filed by applicant on November 11, 2000 in Bexar County, Texas; an invoice, dated December 1, 2000, for shirts, purchased by applicant for further resale; a copy of applicant's personal check to the Commissioner of Patent and Trademarks, dated November 13, 2000; a copy of an invoice statement dated December 5, 2000 for applicant's first sale; a copy of schedule C of applicant's 2000 federal tax return where applicant lists his trademark filing fee, business license fee, and webhosting fee as expenses; and a copy of a corporate charter for Deep Three, Inc. dated January 14, 2003.⁵

In response, opposer argues that, at the time he filed his application, applicant did not have the *bona fide* intent to use the mark in his "individual" capacity, but always had the

⁴ Applicant's declaration was filed under seal. In this decision, the Board refers to the exhibits in general terms, as does applicant in his motion.

⁵ Applicant's separate exhibits B-D are copies of matter already in the record (e.g., exhibit B is a copy of the notice of opposition).

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intention of forming a business with his friends, Mr. Meckel and Mr. Hajdukovich, which subsequently came to pass when they formed the corporation Deep Three, Inc. Opposer argues that, less than four months after the application filing date, applicant sent an email to his friends with ideas for corporate structure, including proposed stock ownership. Opposer contends that, on November 13, 2003 in order to support his recitation of the facts, applicant amended his tax returns for the years 2000 and 2001; that the original returns do not reflect any income or loss from any DEEP 3 business; and that applicant only relies on the amended returns in support of his motion for summary judgment, failing to inform the Board the originals did not reflect any business related expenses. Opposer argues that it has submitted documents produced by applicant which raise a genuine issue as to applicant's intent to use the mark in his individual capacity because they refer to Deep Three as being founded by John Carlisle, James Hajdukovich and Dan Meckel in November 2000; because they show business undertaken with respect to the DEEP 3 mark by Mr. Hajdukovich; and because they show use of DEEP 3 by James and Michael Hajdukovich for a summer camp during July 2000, before applicant filed his application.

Opposer's response is accompanied by excerpts from the deposition of applicant concerning his email to his friends and sister in March 2001 about the structure of a possible company; an email exchange dated May 31, 2002 from Mr. Hajdukovich (to Mark Cuban) concerning applicant's then abandoned application

stating, in part, "I ... coined the phrase [Deep 3] with two teammates and we started the business"; a copy of the request for reinstatement of applicant's application filed by Mr. Hajdukovich; a copy of an email dated January 31, 2003 including an account statement for "... your account 'deep3.net'" addressed to Michele (Mrs. Hajdukovich); a copy of the flyer for the July 2000 summer camp offered by Mike & Jimmy Hajdukovich showing use of a DEEP 3 logo; copies of applicant's original and amended tax returns for calendar years 2000-2002; and a document entitled "Deep Three Inc. (DBA Deep 3) Executive Summary," which describes the company, its products, its trademark, and its shareholders.

In reply, applicant argues that all the evidence establishes that no genuine issues of material fact exist and that applicant had a *bona fide* intent to use his mark as of the application filing date. Applicant argues the opposer's "insinuations" that he amended his tax returns to develop a "story" are completely unfounded; and that the tax returns were amended solely in consultation with applicant's accountant, who had missed an opportunity for applicant to claim a valuable deduction. Applicant argues that the "Executive Summary" was not prepared by him, but was only a draft, never distributed, prepared by Mr. Hajdukovich in December 2002, two years after the application was filed, as the three friends were beginning to formalize their relationship (which resulted in the formation of Deep Three, Inc. on January 14, 2003); and that the deposition excerpts of applicant and of Dan Meckel support the status of this document.

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With respect to Mr. Hajdukovich's email to Mark Cuban, applicant argues that it was sent 18 months after applicant filed his application and, in any event, without applicant's knowledge or authority. Applicant argues that the basketball flyers for the camp run by the Hajdukovich brothers were prepared by applicant, but were never distributed;⁶ that the mock-up flyer was located on applicant's computer hard drive and produced in response to document requests.⁷

Applicant's reply is accompanied by applicant's deposition in support of his position; excerpts from the deposition of Dan Meckel, one of applicant's college friends and presently a minority shareholder in Deep Three, Inc.; applicant's supplemental declaration stating in part that the decision to amend his tax returns was made with the advice of his accountant because the deductions were allowed and had been overlooked earlier, and that the basketball camp flyer referred to by opposer was a mock-up to see how the DEEP 3 logo would look, made in October 2000 after the basketball camp (which took place in the summer of 2000), and that the mock-up was never used, though it was produced from applicant's computer hard drive because it was found when searching for documents; the declaration of

⁶ Applicant notes that opposer did not choose to depose Mr. Hajdukovich, as it could have in view of the grant of the 56(f) discovery. Applicant argues that, had opposer deposed Mr. Hajdukovich, opposer could have asked questions about the basketball camp and this flyer and ascertained that the flyer was never used.

⁷ Applicant explained previously the circumstances surrounding the domain name registration, including the involvement of his sister and his brother-in-law.

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Michael Hajdukovich (brother of James), stating that he never had any ownership interest in Deep Three, Inc., with accompanying exhibits of copies of the flyers actually for the basketball camp, and further confirming that the flyer referenced by opposer was not used for the camp and stating that he "... never saw it until I was asked about it for this case"; the declaration of James Hajdukovich, stating, in part, that he is now part owner of Deep Three, Inc., introducing the flyers he and his brother used for their basketball camp in the summers of 2001-2002,⁸ and stating he never saw the flyer referenced by opposer until asked about it for this case; a copy of applicant's March 12, 2001 email to his friends and sister outlining a possible business structure; and a copy of the previously referenced "Executive Summary."

As a preliminary matter, to the extent that opposer is arguing that applicant was not the owner of the mark at the time the application was filed, such argument is not the subject of a pleaded issue (i.e., alleged in the notice of opposition). Thus, it cannot be considered on summary judgment. See TBMP §528.07 (2nd ed. rev. 2004), and discussion therein. Moreover, ownership issues arise in the context of an application seeking registration under Trademark Act Section 1(a), which permits "[t]he owner of a trademark used in commerce..." to request registration of its trademark on the principal register. Cf. Trademark Act Section 1(b) which permits "[a] person who has a

⁸ They are the same flyers introduced by Michael Hajdukovich.

bona fide intention ... to use a trademark in commerce..." to request registration of its trademark on the principal register. See also TMEP §803.01 (3rd ed. rev. 2 May 2003) ("An application to register a mark must be filed by the owner of the mark or, in the case of an intent-to-use application under 15 U.S.C. §1051(b), by the person who is entitled to use the mark in commerce.").

In a motion for summary judgment, the moving party has the burden of establishing the absence of any genuine issue of material fact and that it is entitled to judgment as a matter of law. See Fed. R. Civ. P. 56. A genuine dispute with respect to a material fact exists if sufficient evidence is presented that a reasonable fact finder could decide the question in favor of the non-moving party. See *Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). Thus, all doubts as to whether any particular factual issues are genuinely in dispute must be resolved in the light most favorable to the non-moving party. See *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ 1542 (Fed. Cir. 1992).

The legislative history of the Trademark Law Revision Act of 1988 (TLRA) indicates that the purpose of the intent-to-use provisions was to eliminate "... the requirement that U.S. citizens and businesses, unlike their foreign counterparts, must use a mark in commerce before they can file an application to register it." See S. Rep. 100-515 100th Cong., 2d Sess. (1988) at 4, 1988 U.S.C.C.A.N. 5577, 5580. Congress explains further that, in recognition of the preapplication use requirements, courts had

sanctioned the practice of "token use," a legal fiction, not available to all businesses and industries, essential under the Trademark law at the time because it reduced some of the legal and economic risks of entering the market place. *Id.* at 5-6, 5581-5582. Notwithstanding the virtues of an intent-to-use system, Congress also recognized that there was some potential for abuse, particularly where a single business or individual sought to monopolize a large number of marks, which could be minimized by requiring the specified intent to be *bona fide*. *Id.* at 6, 5582. Inasmuch as a dual application system, based either on preapplication use in commerce or an a *bona fide* intention to use the mark in commerce, addresses the problems sought to be resolved by the amendment to the Trademark Act, "token use" became unnecessary and inappropriate under the intent-to-use application system. *Id.* Thus, the legislative history illustrates that the Trademark Act was amended to permit applications, particularly domestic applications, to be filed prior to actual use of the mark in commerce and to eliminate the need for the legal fiction of "token use." By requiring that an intent-to-use applicant have a *bona fide* intent to use the mark in commerce, Congress addressed the potential abuse of trafficking in trademarks.

When considering whether an applicant has a *bona fide* intention to use the mark in commerce, any such determination is to be a fair, objective determination based on all the

circumstances. *See Lane Ltd. v. Jackson International Trading Co.*, 33 USPQ2d 1351, 1355 (TTAB 1994).

In its response to applicant's motion, opposer adds an element that does not appear in the statute or in the legislative history to Trademark Act Section 1(b). By arguing that applicant did not have the *bona fide* intent to use the mark in a particular legal entity-type capacity, opposer's position effectively imposes a limitation on any intent-to-use applicant that may have hopes and plans for business development and licensing potential, that may seek business consultation advice or legal advice from third parties, and that may change its business type after filing an intent-to-use application. This limitation may certainly affect corporate subsidiary applicants which file intent-to-use applications and later, as may happen under some corporate business models, transfer the application or mark to the parent or to a related trademark holding company responsible for maintaining a trademark portfolio.

In this case, opposer contends that applicant lacked a *bona fide* intent to use the mark in his **individual** capacity because he always had the intention of forming a business with his friends, as demonstrated, according to opposer, in his actions of speaking of his hopes and plans with his family and friends, of seeking and accepting the assistance of his friends and family in the trademark application process, and in developing a business, resulting in the incorporation of Deep Three, Inc. However, opposer's position simply does not raise a

genuine issue of material fact for trial as to applicant's *bona fide* intention to use the mark in commerce in view of applicant's evidence, including his statements and accompanying documentation, that he did have the requisite *bona fide* intention to use the mark in commerce at the time of the application, has subsequently used the mark in commerce, and continues to use the mark in commerce.⁹

Accordingly, no genuine issue of material fact existing as to applicant's *bona fide* intention to use his mark, applicant's motion for summary judgment in his favor is granted, and the opposition is dismissed with prejudice.

⁹ Based on his statements that he continues to use the mark, it does not appear that applicant has assigned the mark and the application to the corporation, Deep Three, Inc. (nor is he required to do so). However, in the event that applicant has transferred the mark, along with the entire business relative to the mark, applicant may wish to record any such assignment so that any subsequent registration will issue in the name of the corporation. *See* Trademark Act Section 10; and TMEP §501.01(a) (3rd ed. rev. 2 May 2003).